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Contact: HHS Press Office  
(202) 690-6343

## **HHS Deputy Secretary Ben Sasse Names Alabama One of 12 Sites Selected for Major Medicare Demonstration of Electronic Health Records**

Montgomery, AL – At an event today, HHS Secretary Mike Leavitt announced that Alabama has been selected to take part in a national Medicare demonstration project that provides incentive payments to physicians for using certified electronic health records (EHR) to improve the quality of patient care. The five-year, first-of-its-kind project is expected to improve the quality of care provided to an estimated 3.6 million Americans.

"I congratulate Alabama on this achievement, which demonstrates the strong commitment of this community to improving health care starting at the local level," Secretary Leavitt said. "Indeed, the use of electronic health records, and of health information technology as a whole, has the ability to transform the way health care is delivered across our nation. We believe that EHRs can help physicians deliver better, more efficient care for their patients, in part by reducing medical errors. This project is designed to demonstrate these benefits and help increase the use of this technology in practices where adoption has been the slowest – at the individual physician and small practice level."

"The state of Alabama has already demonstrated a commitment to quality improvement and technical innovation through a variety of private sector initiatives as well as our "Together for Quality" initiative," said Medicaid Commissioner Carol H. Steckel. "This new opportunity not only will enable us to facilitate the use of electronic health records by Medicare-enrolled primary care physicians, but also to transform Alabama's health care system in a significant and meaningful way."

The other communities selected to work with the Centers for Medicare & Medicaid Services (CMS) on the Medicare EHR demonstration project range from county- and state- level to multi-state collaborations. These include Delaware; Jacksonville, FL (multi-county); Georgia; Maine; Louisiana; Maryland/Washington, DC; Oklahoma; Pittsburgh, PA (multi-county); South Dakota (multi-state); Virginia; and Madison, WI (multi-county).

The project will be implemented in two phases. CMS will begin working with partners in the four Phase I communities over the coming months to develop site-specific recruitment strategies, and recruitment of physician practices will start in the fall. For Phase II sites, these activities will begin in 2009.

The sites were selected through a competitive process from a field of more than 30 applicants. Criteria for selection of communities included active community collaboration among stakeholders; likelihood that incentives like Medicare's would be implemented by private employers or health plans in the community; and adequate size to recruit a sufficient number of practices. Those already part of a similar existing CMS demonstration were not eligible, which excluded communities in several states.

“While the number of sites selected was limited to 12, we are greatly encouraged by the substantial multi-stakeholder initiatives ongoing across the nation,” Secretary Leavitt said. “It is my hope that those communities not selected and others that were not yet prepared to apply will continue working together to improve health care – and consider creating their own incentive-based projects to advance the use of EHRs.”

Findings from the demonstration will help determine the role of EHRs in delivering high-quality care and reducing errors. The demonstration will also assess the role of incentive payments in adoption and correct use of EHRs.

“Broad adoption of EHRs has the potential to transform health care and the way medicine is practiced in our nation,” said Acting CMS Administrator Kerry Weems. “Medicare’s EHR demonstration can help measure that potential, and at the same time help bring about change.”

Over the five-year demonstration project, financial incentives will be provided to as many as 1,200 physician practices in the selected communities that use certified EHRs to improve quality as measured by their performance on specific clinical quality measures. In addition to the incentive payments, bonus payments may be awarded based on a standardized survey measuring the number of EHR functionalities a physician group has incorporated into its practice. Total payments under the demonstration for all five years may be up to \$58,000 per physician or \$290,000 per practice.

In addition to practices chosen to receive incentive payments, another set of practices will be chosen in each community to be observed but not receive payments. They will serve as “controls” for the demonstration in order to objectively measure the effect of the incentive payments and EHR use.

The EHR demonstration project is an important step toward President Bush’s goal of most Americans having a secure, interoperable electronic health record by 2014. For more information on the project, visit [http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008\\_Electronic\\_Health\\_Records\\_Demonstration.pdf](http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf).

This initiative is also part of HHS’ bold vision for health care reform built on the four cornerstones of value-driven health care. These include: adopting interoperable health information technology; measuring and publishing quality information to enable consumers to make better decisions about their providers and treatment options; measuring and publishing price information to give consumers information they need to make decisions on purchasing health care; and promoting incentives for high-quality, efficient delivery of care.

To learn more about *Connecting to Better Health Care*, please visit [www.hhs.gov/secretary/connectthehealthcare](http://www.hhs.gov/secretary/connectthehealthcare).

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